
SENATE BILL No. 70

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2-4.

Synopsis: Taxation of military retirement benefits. Increases the adjusted gross income tax deduction for military retirement or survivor's benefits from \$5,000 to \$10,000 beginning in 2009, \$15,000 beginning in 2011, and \$25,000 beginning in 2013. Provides a total exemption beginning in 2015.

Effective: January 1, 2009 (retroactive).

Delph

January 7, 2009, read first time and referred to Committee on Tax and Fiscal Policy.

C
o
p
y



First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 70

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-4, AS AMENDED BY P.L.144-2007,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2009 (RETROACTIVE)]: Sec. 4. (a) Each taxable year,
4 an individual, or the individual's surviving spouse, is entitled to an
5 adjusted gross income tax deduction for:

6 **(1) the first five thousand dollars (\$5,000) of income, including**
7 **excluding retirement or survivor's benefits; or**

8 **(2) retirement or survivor's benefits in the amount set forth in**
9 **subsection (b);**

10 received during the taxable year by the individual, or the individual's
11 surviving spouse, for the individual's service in an active or reserve
12 component of the armed forces of the United States, including the
13 army, navy, air force, coast guard, marine corps, merchant marine,
14 Indiana army national guard, or Indiana air national guard. However,
15 a person who is less than sixty (60) years of age on the last day of the
16 person's taxable year, is not, for that taxable year, entitled to a
17 deduction under this section for retirement or survivor's benefits.



C
o
p
y

1 **(b) The amount of the deduction for retirement or survivor's**
 2 **benefits is the lesser of the retirement or survivor's benefits**
 3 **received during the taxable year or the following:**

4 **(1) Ten thousand dollars (\$10,000) for a taxable year**
 5 **beginning in 2009 or 2010.**

6 **(2) Fifteen thousand dollars (\$15,000) for a taxable year**
 7 **beginning in 2011 or 2012.**

8 **(3) Twenty-five thousand dollars (\$25,000) for a taxable year**
 9 **beginning in 2013 or 2014.**

10 **For a taxable year beginning after 2014, the deduction is the entire**
 11 **amount of the retirement or survivor's benefits received during the**
 12 **taxable year.**

13 ~~(b)~~ **(c) An individual whose qualified military income is subtracted**
 14 **from the individual's federal adjusted gross income under**
 15 **IC 6-3-1-3.5(a)(23) for Indiana individual income tax purposes is not,**
 16 **for that taxable year, entitled to a deduction under this section for the**
 17 **individual's qualified military income.**

18 **SECTION 2. [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]**
 19 **IC 6-3-2-4, as amended by this act, applies to taxable years**
 20 **beginning after December 31, 2008.**

21 **SECTION 3. An emergency is declared for this act.**

C
O
P
Y

